

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2019-226-E
DOCKET NO. 2021-9-E
DOCKET NO. 2021-93-E
DOCKET NO. 2021-192-E**

Dominion Energy South Carolina,
Incorporated's 2021 Integrated Resource
Plan (IRP);

South Carolina Energy Freedom Act (House
Bill 3659) Proceeding Related to S.C. Code
Ann. Section 58-37-40 and Integrated
Resource Plans for Dominion
Energy South Carolina, Incorporated;

Dominion Energy South Carolina,
Incorporated's Request for Like Facility
Determinations Pursuant to S.C. Code Ann.
§58-33-110(1) and Waiver of Certain
Requirements of Commission Order No.
2007-626;

Dominion Energy South Carolina,
Incorporated Coal Retirement Docket
Opened Pursuant to Commission Order No.
2021-418.

**STATUS REPORT UNDER
ORDER NO. 2021-641 AND
REQUEST THAT THE
COMMISSION REVIEW THE
PREFILED TESTIMONY IN
DOCKET NO. 2021-93-E BEFORE
CONSIDERING ANY DELAY OF
THAT PROCEEDING**

By order 2021-641, the Public Service Commission of South Carolina
("Commission") instructed the parties to submit a status report concerning:

- (a) The procedural schedule for Dominion Energy South Carolina's 2021 IRP
Update; and

(b) The coordination of that consolidated docket with Dominion Energy South Carolina, Incorporated's Request for Like Facility Determinations Pursuant to S.C. Code Ann. §58-33-110(1) and Waiver of Certain Requirements of Commission Order No. 2007-626 (the "Like-Kind Proceeding") and the Dominion Energy South Carolina, Incorporated Coal Retirement Docket Opened Pursuant to Commission Order No. 2021-418 (the "Coal Retirement Docket").

The IRP Update Procedural Schedule

As the Commission is aware from prior filings, Dominion Energy South Carolina, Inc. ("DESC") has participated in negotiations with the Southern Alliance for Clean Energy, South Carolina Coastal Conservation League, Sierra Club, and the Carolinas Clean Energy Business Association concerning the procedural schedule in the IRP Update docket. These parties agreed that (a) the Office of Regulatory Staff should be afforded 120 days from the filing of the 2021 IRP update to file its report, (b) the other parties should be given 30 days thereafter to file comments on the report, and (c) all parties should be granted 30 days from that date to file responses to comments. ORS did not object to this schedule.

The only point of disagreement among these parties concerned whether parties have the right to request an evidentiary hearing in an IRP update docket. DESC was not able to join the recent filing by the Sierra Club and other parties because they insisted on including language contrary to DESC's position on that matter. However, DESC supports the procedural schedule set forth above.

The Coal Retirement Docket

DESC has also engaged with the Office of Regulatory Staff, the Carolinas Clean Energy Business Alliance and Southern Environmental Law Center on behalf of Southern Alliance for Clean Energy and South Carolina Coastal Conservation League concerning the Coal Retirement Docket. DESC was in active negotiation with the Sierra Club concerning a joint submission concerning a delay in the hearing in that docket when the Sierra Club unilaterally filed a revised version of the draft document that they had jointly prepared. Nonetheless, DESC supports the proposal made by the Sierra Club that proceedings in that docket should be delayed by six months. Specifically, DESC requests that the Commission adopt the following schedule in Docket 2021-192-E.

Action/Due Date	Date
All Parties Direct Testimony and Exhibits Due	May 16, 2022
All Parties Responsive Testimony and Exhibits Due	June 6, 2022
Hearing on or after	June 30, 2022

DESC can inform the Commission that there have been no material changes or developments related to coal retirement plans or the coal retirement planning process since the filing of the 2021 IRP Update in August of 2021. The 2021 IRP Update reported on those matters in detail. DESC's transmission planning group is actively preparing the Transmission Impact Analysis ("TIA") for the potential retirements of Wateree and Williams Stations which it intends to complete by December 31, 2021. A copy of that planning request has been filed with the Commission.

The schedule proposed for the hearing in the Coal Retirement Docket is intended to allow the Commission to receive initial comments on the TIA and hear a discussion of its conclusions once the TIA is concluded. This discussion will occur while the initial evaluation of TIA by the Company and others is underway. As required by market rules enforced by the Federal Energy Regulatory Commission (“FERC”), DESC’s Transmission Planning group is preparing the TIA independently of DESC’s Power Generation Operations and Resource Planning groups. The TIA will become available to them and to the public when the report is posted on DESC’s FERC-mandated Open Access Information System (“OASIS”).

Once the TIA is released, DESC will convene its IRP Stakeholder Advisory Group to receive comments on it. DESC anticipates convening two or more meetings of that group to receive initial comments. During 2022, DESC’s Resource Planning and Power Generation Operations groups will review those comments along with the results of the TIA, request any additional analysis or results from the Transmission Planning group, and begin a process of evaluating the costs, risks timing and sequencing of various approaches to coal retirement ultimately leading to the identification of a preferred path forward. This will be done in preparation for the 2023 IRP as required by Order No. 2020-832. Specifically, the Commission mandated that “targeting the 2023 IRP update ... DESC will model coal retirement as an option in various scenarios.” Order No. 2020-832, p. 17.

The Like Facilities Docket

As other parties have reported, DESC requests that the Commission proceed to a determination of the requests before it in the Like Facilities Docket without delay. There

are important reasons why doing so is in the best interest of DESC's customers and electric system.

DESC intends to replace, not add, 10 Combustion Turbine units ("CTs") and one natural gas-fired steam unit with five modern aeroderivative CTs of roughly equal capacity (the "Replacement Units") and retire three other CTs. CT units are critical to reliable and efficient electric operations. As flexible, fast start units, CTs are a primary tool used by grid operators to respond to unanticipated changes in customers' load, the unscheduled outages of major generation facilities or transmission lines and solar intermittency. They are critical for providing voltage support in the areas where they are located when other generation resources are off-line. Two sets of these units are connected by direct transmission lines to V.C. Summer Unit No. 1 and the Savannah River Site and provide a source of power for nuclear safety-functions in case of grid failure. Certain of these units provide a principal source of blackstart capacity for the system that allows the grid or isolated portions of it to be restarted in case of catastrophic failure.

DESC's thirteen CTs to be replaced or retired are based on outdated technology. Virtually all were installed between 1969 and 1972 and have an average age that exceeds 49 years. They are no longer supported by the original equipment manufacturers. Replacement parts for these units are difficult to find. Some parts can only be had by engaging contract fabricators to specially forge or manufacture one-off replacement parts which typically involve expense and delay and carry no warranty. Technicians qualified or willing to work on these units are increasingly hard to find. They are retiring and are

not being replaced. Three of the 13 current units are out of service and in need of expensive repairs that would be wasteful to complete just before their retirement.

All five Replacement Units will be located at existing generation sites where they will replace existing CTs in a gas-for-gas generation exchange. DESC has issued an RFP to select technology and quantify costs of the project. Based on that RFP it has selected vendors and negotiated contracts for the five Replacement Units and for the construction work to install them subject to regulatory approvals. These contracts are at favorable prices and support replacement of the units to meet peak demands beginning in 2023.

DESC has filed for a determination that the Replacement Units at Urquhart Station are like facilities replacements; and the replacement units at the Bushy Park and Parr sites are not “major utility facility[ies]” as that term is defined in S.C. Code Ann. 58-33-20(2) because of their size. Under the extensive Commission precedent, the like-facility requirement is met where “replacement facilities are similar in function and purpose to the presently existing facilities.” See Order No. 2014-118. The Commission has ruled that Duke Energy Carolina’s repowering of a three-unit coal plant to burn only natural gas and the construction of new gas infrastructure at the site for that purpose was a like-facilities replacement not requiring a Siting Act certificate. Order No. 2014-963 at page 2. The Commission has ruled that replacing an existing transmission line with steel structures and higher capacity lines, while adding an entirely new substation, was a like facility replacement. Order No. 2021-438; *accord*, Order No. 2018-33 and Order No. 2014-633.

Precedent aside, the reason why the Commission should proceed to a decision in this matter is that failing to do so risks the loss of the current contracts and the pricing and

delivery schedules that they represent. The current CT Units are expensive to operate and maintain and are at risk of failure. Replacement Units are long lead-time items. Given current supply chain issues, inflationary pressures, construction delays throughout the industry, and disruption in energy markets generally, prices and schedules would be uncertain if the current vendor commitments lapse. Losing those and the current place DESC has been given in the equipment fabrication queue could result in price increases and schedule delays. Incurring them would not be in customers' interests or the interests of reliable and efficient electric operations.

The Company is also asking the Commission to acknowledge that under Order No. 2007-626 the replacement of these existing generation resources does not represent peaking capacity being added to the system to satisfy "new peaking generation requirements" as specified by that order and so do not require an RFP. Order 2008-626 provides that "RFPs will be *only* be mandatory for *new peaking generation requirements*." Order No. 2007-626 at p. 2 (emphasis supplied). The purpose of these CT Replacement Plan is to meet existing generation requirements with units that are more reliable and capable than the ones that are currently doing so.

This request notwithstanding, and in light of the critical importance of avoiding delay, the Company is preparing an all-source RFP for assets that can meet the system needs being met by the existing units. Ideally, the Company would have only issued an RFP if the Commission had determined one was in fact necessary at the conclusion of this proceeding. But the procedural schedule as it has developed and the clear interest of other parties in delaying the matter does not support that approach. With input from its

independent evaluator, the Company is drafting a technology-neutral set of requirements for an RFP to be issued in early November. If the RFP results in the identification of a new resource that is more beneficial (which is highly unlikely but not impossible), the Company will file an amended request for a like facility determination for that resource or a full Siting Act certification before proceeding with the bid.

For these reasons, DESC respectfully requests that the Commission leave the current schedule for this docket in place and review the prefiled direct testimony of the parties before it makes any decision concerning a delay in the proceeding. DESC is convinced that the testimony will show the wisdom and prudence of proceeding to a decision on a timetable that preserves the benefits of the current negotiated contracts. In any event, DESC believes that it would be unwise for the Commission to incur the potential cost, risk and delay of renegotiating contracts for these assets before it has reviewed the prefiled testimony of the parties and understands fully what is at issue in this case.

Respectfully submitted,

Attorneys for Dominion Energy South Carolina, Inc.

/s/Belton T. Zeigler

Womble Bond Dickinson (US) LLP

1221 Main Street, Suite 1600

Columbia, SC 29201

(803) 454-7720

Email: Belton.Zeigler@wbd-us.com

Kenneth C. Burgess

(803) 217-8141 /

chad.burgess@dominionenergy.com

Matthew W. Gissendanner

(803) 217-5359

matthew.gissendanner@dominionenergy.com